

SLUM REHABILITATION AUTHORITY

Circular No. - 160

No. SRA/F.C./BG/ 2369

Date: 24 SEP 2015

C I R C U L A R

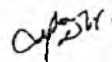
Sub : Regarding Bank Guarantee or Deposit in lieu of Bank Guarantee

- Ref : 1. Circular No. 97, dated 13/04/2009
2. Circular No.101, dated 20/07/2009
3. Circular No.108, dated 22/01/2010
4. Circular No.146, dated 21/06/2014.

While certifying Annexure-III for Slum Rehabilitation Schemes, Bank Guarantee of 20% of Construction cost of Rehabilitation component was being taken as ordered by then Chief Executive Officer/SRA on file no.1460 of Finance Controller Department. Thereafter due to global economic recession amount of Bank Guarantee was fixed as 10% of cost of construction of Rehabilitation component instead of 20%. As per Circular No.156, dated 01.09.2015, the cost of construction to assess financial capacity of the developer has been adopted based on Stamp Duty Ready Reckoner (SDRR) rates. This obviates need to revise this value from time to time. However immediate jump in valuation is considerably high. It is a jump of more than 100%. Considering all these factors the following instruction are being issued regarding Bank Guarantee

1. The developer shall submit Bank Guarantee valid for a period of five years or Deposit equivalent amount in lieu of Bank Guarantee by pay order/demand draft in the Finance Controller Department. This deposit will be returned to the developer after completion of defect liability period without interest.
2. The amount of Bank Guarantee shall be 5% of the cost of construction of the Rehabilitation component as per SDRR rates.
3. The sole responsibility of revalidating the Bank Guarantee will be of the developer. On expiry of the Bank Guarantee, the developer shall submit revalidated Bank Guarantee valid for five years equivalent to the 5% of cost of construction of the rehabilitation component as per SDRR rates of the year of renewal.
4. The developer may deposit Fixed Deposit Receipt of equivalent amount of Bank Guarantee having auto renewal facility jointly held in the name of the developer and Accounts Officer, SRA in any Nationalised bank in Bandra empanelled by SRA for a term of five years. The developer will get the principal amount of such FDR and interest thereon after completion of defect liability period.

5. For some rehabilitation schemes Engineering Department issues part occupation certificate. Such developers may submit four Bank Guarantees of 25% amount each instead of submitting one single Bank Guarantee. As a result of which one Bank Guarantee of 25% can be released after completion of defect liability period for that part of the scheme for which part occupation certificate has been issued. Other Bank Guarantees can be released in similar manner.
6. If the developer fails to renew the Bank Guarantee one month in advance of it's expiry, SRA will invoke it and the amount will be credited to SRA's account.
7. If the developer fails to renew the Bank Guarantee on the date of expiry, fine at the rate of 12% p.a. for first three months from the date of expiry and at the rate of 18% p.a. thereafter will be charged for the default period to be levied per day of default. For the transition period, Bank Guarantees which have lapsed as on the date of this circular will not attract this fine if renewed before 30/09/2015.
8. The defect Liability Period will be three years from the date of issue of Occupation Certificate as stated in circular No. 108 dated 22/01/2010.
9. All Bank Guarantees/Deposit in lieu of Bank Guarantee/Fixed Deposit Receipt in lieu of Bank Guarantee will be released at the level of Finance Controller after obtaining NOC from Engineering Department in enclosed format, after completion of defect liability period.
This circular will be applicable from the date of issue.


Chief Executive Officer
SLUM REHABILITATION AUTHORITY

Copy :

1. P. A. to Hon'ble CEO/SRA, Mumbai.
2. Secretary/SRA, Mumbai.
3. Finance Controller/SRA Mumbai.
4. Dy. Chief Engineer/SRA, Mumbai.
5. Executive Engineer/SRA (east/west/city), Mumbai.
6. File.

Annexure of Circular No. Dated

Engineering Dept.
No.
Date:

N. O. C for releasing Bank Guarantee

1. Developer :
2. Architect :
3. Society :
4. Address / Survery No :
5. Part/Full OC No. :

Date:

This is to certify that in above mentioned SR scheme part/full OC was issued to the developer and Defect Liability Period of three years is completed on Dt. . Therefore there is no objection in releasing Bank Guarantee.

Executive Engineer
(West/East/City)

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